Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Top Secret

No Foreign Dissem

[redacted]

STAFF NOTES:

H12

East Asia

Handle via COMINT Channels

Top Secret

150

April 7, 1975
SC No. 00403/75

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8
No Dissem Abroad/Background Use Only
Controlled Dissem

Warning Notice
Sensitive Intelligence Sources and Methods Involved

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

Classified by 005827
Exempt from general declassification schedule
of E. O. 11652, exemption category:
§ 5B (1), (2), and (3)
Automatically declassified
on: Date Impossible to Determine

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

EAST ASIA

This publication is prepared for regional specialists in the Washington community by the East Asia - Pacific Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

April 7, 1975

SOUTHEAST ASIA

A Domino's Eye View of the Situation in Indochina 1

Sino-Malaysian Territorial Disagreement 5

Burma: Ne Win Reshuffles His Team 8

[redacted] 25X1D

NORTH ASIA

North Korea: Who Manages Foreign Relations? 13

Japanese Eye US Trusteeship as Oil Storage Site 18

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

A Domino's Eye View of the Situation in Indochina

Southeast Asian Branch/EAP [redacted] 25X1A

Most Southeast Asian leaders expected that Hanoi would eventually dominate all of Indochina, but the rapidity with which the military situation in South Vietnam deteriorated over the past three weeks has come as something of a shock. Last week, Thailand and Indonesia publicly called for a meeting of the foreign ministers of the Association of Southeast Asian Nations (ASEAN)--Singapore, Malaysia, the Philippines, Thailand, and Indonesia--to discuss the impact on regional affairs particularly security, and to devise a common strategy for dealing with the changing Indochina situation. On April 7, the Thai foreign minister reportedly said such a meeting will be held in Kuala Lumpur, May 13-15.

Thailand wants to explore the possibility of developing the five-nation association into a mutual defense organization. Thai Foreign Minister Chatchai will probably also use the forum publicly to promote his idea of getting great power endorsement of Thailand's neutrality, and by extension the neutrality of all of Southeast Asia. Recent developments in Vietnam are having a greater impact on Thailand than any other country and, while Bangkok does not regard a communist take-over in Indochina as an immediate security threat, it is concerned over the long-term implications of potentially hostile neighbors on its eastern border. Bangkok will undoubtedly speed up efforts already under way to break from US policies in Indochina.

Indonesia has tried to play an active role in resolving the conflicts in Indochina and is the only Asian state participating in the ICCS in Vietnam. Few leaders in Jakarta were optimistic about South Vietnam's ability to withstand North

April 7, 1975

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Vietnamese pressure over the long term, but Indonesian military officers were concerned that total communist control of Indochina would increase the potential for subversion elsewhere in Southeast Asia. Jakarta therefore will probably enthusiastically support Thai efforts to use ASEAN to promote regional security cooperation. For some time, Indonesian military leaders have been advocating a greater security and intelligence role for ASEAN. Indonesia has been lukewarm to the concept of Southeast Asian neutrality, however, since Malaysia first proposed it in 1970. Jakarta may try to use the ASEAN forum for a coordinated approach to the question of establishing relations with new Indochina governments.

Kuala Lumpur opposes the idea of developing ASEAN into a military alliance. The Malaysians believe that such a development would unnecessarily antagonize Asian communist states by suggesting that the ASEAN nations expect a military confrontation. Instead Malaysia intends to capitalize on ASEAN concern over Indochina by renewing its efforts to promote a Southeast Asian zone of neutrality. The five ASEAN partners endorsed this concept in principle when Kuala Lumpur first proposed it five years ago, but few believed it was practical in the near term. Malaysia probably calculates that recent events in Indochina will make the other partners more receptive. Kuala Lumpur will argue that regional neutrality will buy time, particularly for Thailand, to cope with the changed political situation in Southeast Asia.

Singapore Prime Minister Lee Kuan Yew is one of the Southeast Asian leaders most concerned about the probable extension of communist pressure onto the Malaysian Peninsula via Thailand. In the past, however, he has generally denigrated ideas of a regional defensive body as unrealistic. Lee believes guaranteed neutrality for Southeast Asia

April 7, 1975

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

is a noble but impractical goal and argues that regional security depends on a balance of forces between the great powers.

The Philippines has not taken a public position on the ASEAN meeting. President Marcos may well use the opportunity to renew his calls for a Southeast Asian summit conference, a pet idea of his that other ASEAN leaders have consistently rejected. Developments in Indochina will probably cause Marcos to intensify his current effort to create an independent Philippine foreign policy and reduce Manila's long-standing identification with the US. Marcos, however, shows no interest in terminating US military base rights and is therefore likely to remain cool to proposals for neutralizing Southeast Asia. Marcos may try to turn US foreign policy reverses in Indochina to his own advantage, hoping to get a more favorable hearing on Philippine requests for economic and military aid as well as better terms in the ongoing negotiations over a new base agreement.

An ASEAN foreign ministers' conference, when it finally convenes, will probably produce no diplomatic surprises and may well be little more than a group hand-holding session. Indonesia, Malaysia, and Singapore already recognize Hanoi, and Thailand will probably renew efforts to open a dialogue with the North Vietnamese on eventual relations. There will probably be more discussions about expanding ASEAN to include Indochina once the situation there has stabilized.

Other Southeast Asian states have displayed little immediate concern about events in Indochina. Australia's Prime Minister Whitlam has publicly looked forward to the demise of the Thieu government and his Labor government is not uneasy over the political consequences of its collapse. Whitlam probably hopes, however, that his offer of planes

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

to help evacuate refugees will dispel any suggestions that he is smug over the current debacle. New Zealand's Labor government, while not as critical of US Indochina policies as its Australian counterpart, is basically too insular in outlook to feel much impact from the current situation. The same is true of Burma, although Ne Win may reiterate a previous proposal that a general Southeast Asian conference--including the Indochina states--be convened once the Indochina affair is settled. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Sino-Malaysian Territorial Disagreement

25X1A [redacted]

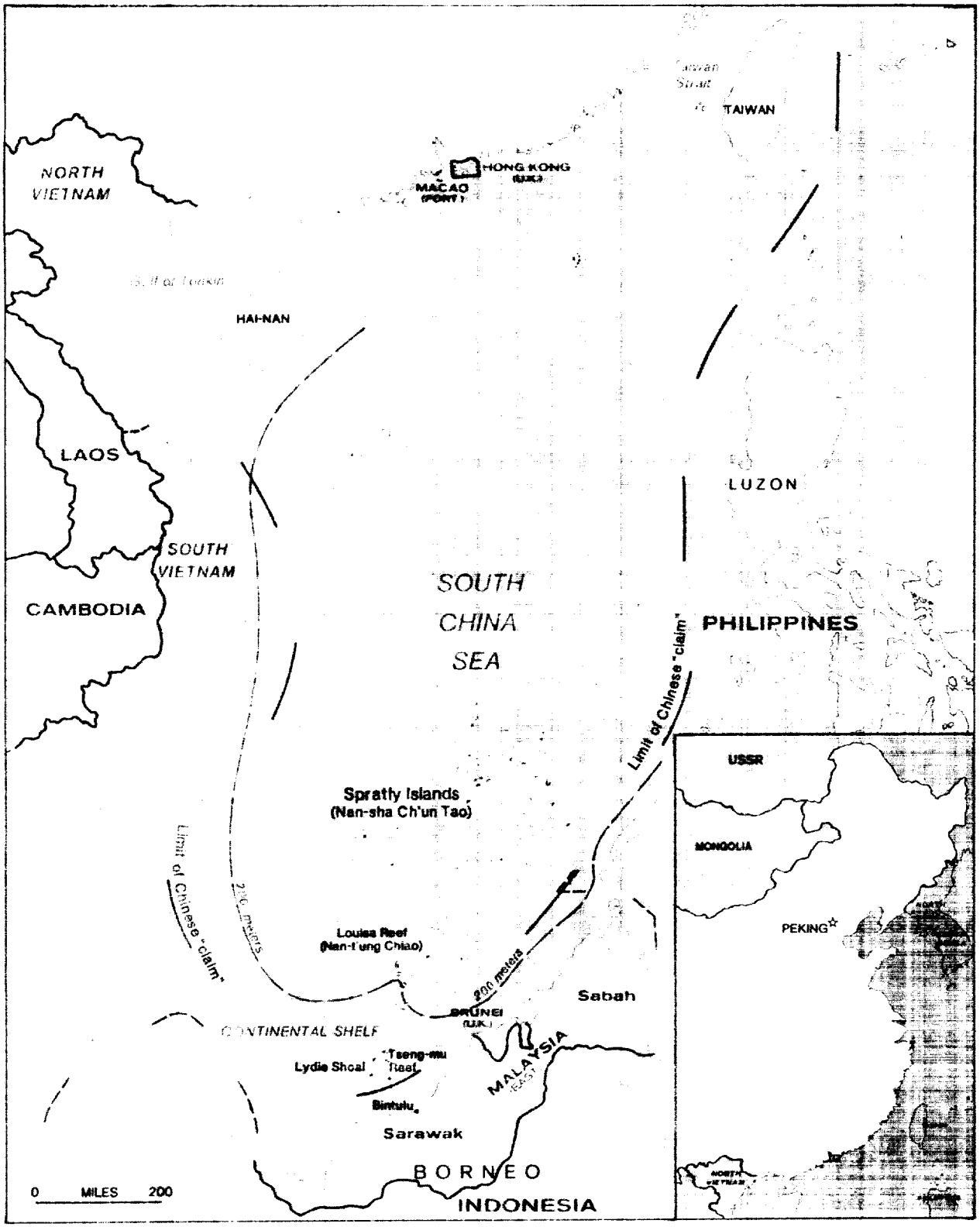
Malaysian officials have privately expressed concern over Peking's continued publication of maps depicting China's long-standing claim to the Tseng-mu Reef--an area of shoals lying on the East Malaysian continental shelf some 60 nautical miles off the Sarawak coast where Malaysia has sponsored petroleum extraction. There is no evidence that the issue is likely at this time to disturb relations between the two countries, but it could create frictions sometime in the future.

Since 1949 most of the South China Sea has been depicted on maps published both in Peking and in Taipei as within the territorial limits of China--although Peking officials have indicated to their Australian counterparts that the map symbol is used only to delimit Chinese-claimed island groups and does not represent an official territorial sea claim. Tseng-mu Reef is described in Peking publications as "the southernmost part of China" and within the Nan-sha (Spratly) group of islands. Although Tseng-mu is not pinpointed by geographical coordinates, the term clearly applies to an extensive group of shoals whose western extremity, termed Lydie Shoals on Western hydrographic charts, is located about 57 nautical miles northwest of Bintulu on the Sarawak coast. From Lydie Shoal, numerous shoals and banks--some not named and none above mean low tide--extend east for about 70 miles. Chinese maps include most of these shoals as Chinese territory. All lie in shallow waters on the East Malaysian continental shelf.

The basis for any Chinese claim to East Malaysian shelf waters rests on shaky legal grounds. Neither Tseng-mu nor other shoals and banks claimed consist of any known land area that conceivably could fit the

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8



Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

definition of an "island" and thus be used to provide base points for delimiting shelf boundaries. The nearest Chinese-claimed "land" appears to be Louisa Reef (Nan-tung Chiao)--actually no more than a few rocks--located some 165 miles northeast of Lydie Shoal. Even if Peking's claim to Louisa Reef were recognized and the reef were used as a base point from which to allocate shelf boundaries between the PRC and Malaysia, a Chinese claim to Tseng-mu Reef would not necessarily be valid, since a trench over 200 meters deep separates Louisa from the East Malaysian shelf.

Malaysia's right to exploit seabed resources on the extensive East Malaysian continental shelf appears unquestioned, except for a curious omission of the East Malaysian shelf in the 1966 Continental Shelf and Petroleum Mining Acts. These acts claim for Malaysia shelf rights to "...the seabed and subsoil of those submarine areas adjacent to the coast of the States of Malaya"; use of the term "States of Malaya" seems to limit legal claims only to shelf waters off peninsular Malaysia. Regardless of the ambiguities in these acts, petroleum concessions on the East Malaysian shelf have been granted and exploration undertaken since the mid-1960s. Sarawak Shell maintains concession rights on the shelf. A large gas field about 100 miles offshore from Bintulu is under development.

Peking has voiced no objection to past and present seabed exploration and exploitation under Malaysian auspices near PRC-claimed reefs and shoals. Nevertheless, the persistence of Chinese claims suggests Peking's interest in its South China Seas claims will remain firm. (CONFIDENTIAL)

April 7, 1975

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

25X1A

Burma: Ne Win Reshuffles His Team

[redacted]

Extensive changes in the Burmese cabinet and military command during the past several weeks indicate that although President Ne Win still dominates the regime, factional rivalry is continuing within the government. The changes include the appointment of two new cabinet ministers, a number of new deputy ministers, and the transfer of several key regional military commanders to less influential posts.

Some of the shifts appear to have strengthened the role of the civilian leadership of the ruling Burma Socialist Program Party (BSPP) at the expense of the army. Friction between these two elements is not new, but until now the army clearly has had the upper hand. BSPP officials reportedly believe, however, that the transfer of the regional commanders to jobs with less authority as deputy ministers was a move to increase party control over the army. The commanders allegedly had resisted BSPP guidance and party officials claim that shifting the men will make army officers generally more responsive to the party.

The army has actually increased its role in the regime, however, since one of the two civilian cabinet ministers has lost his post. Minister of Mines Dr. Nyi Nyi was forced out on a constitutional technicality--he did not meet one of the qualifications for office. Despite his replacement by a military man, some BSPP leaders were not displeased at the change. They disliked Nyi Nyi and were jealous of his influence with Ne Win.

The changes also apparently enhance the position of General San Yu as the number two man in the government. Several of the new appointees have close

April 7, 1975

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

ties to San Yu and one of the replaced regional commanders had been hostile to him. San Yu has long been regarded as the heir-apparent to Ne Win, but he is disliked by several members of the inner circle.

Ne Win may have engineered the shake-up in part to play off various elements in the government against one another. After the riots in Rangoon last December, his prestige appeared to have been damaged and there were some signs that his position might be in danger. It is now clear, however, that Ne Win remains in full control and that the continuing rivalry among subordinates is not a threat to him. (SECRET NO FOREIGN DISSEM)

April 7, 1975

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

25X1D
Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Next 2 Page(s) In Document Exempt

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

North Korea: Who Manages Foreign Relations?

25X1A [redacted]

As late as 1966, only time-tested party functionaries filled the ranks of the Korean Workers Party's (KWP) Political Committee. They were almost all colleagues of Kim Il-song in the anti-Japanese guerrilla movement of the 1930s and were named to high office essentially on the basis of loyalty to Kim, not administrative genius. The currency of loyalty has by no means been devalued in Pyongyang. Beginning in the late 1960s, however, the Political Committee was expanded to accommodate specialists in diplomatic and economic affairs. Their promotion reflected a requirement for new skills in handling specialized problems as well as a conscious effort by Kim Il-song to integrate key government administrators into the ruling party hierarchy.

Enter the Experts

In 1966 and 1970, Pyongyang added the foreign affairs specialists who are now full members of the Political Committee; the candidate members were brought aboard between 1972 and 1974. For the foreign affairs specialists, as for the Political Committee generally, the distinction between full and candidate membership is more than just one of a voting or non-voting voice in formulating policy. It is also a matter of difference in age and background. Kim Tong-kyu, Pak Song-chol, and So Chol, the diplomatic experts who are full members, are in their early sixties, all veterans of the Kim Il-song guerrilla band.

In contrast, the candidate members--Yu Chang-sik, Kim Yong-nam, and Ho Tam--are in their late forties or early fifties. They were recruited for Central Committee and Political Committee membership from the Foreign Ministry and have no background in either the anti-Japanese movement or in the party's early postwar factional battles. Better educated and more cosmopolitan

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

then their committee seniors, they have helped soften the rougher edges of North Korea's diplomatic style. While their seniors have had little experience outside the communist world, these candidates have pioneered ties with the developing nations and strengthened North Korea's position in international forums.

The Full Members

Kim Tong-kyu, named a vice president of the North Korean government in November 1974, is the highest ranked of the six foreign affairs experts. He became a candidate member of the Political Committee in 1966 and a full member at the Fifth KWP Congress in 1970. In connection with his recent assumption of the vice presidency, Kim has apparently moved from ninth to fifth place in the party hierarchy. His past foreign affairs assignments include service as consul general at the nearby Soviet port of Nakhodka and director of the Central Committee's International Department.

Pak Song-chol has been the most prominent foreign affairs figure in postwar North Korea. He became a full member of the Political Committee in 1966 and once held fourth place in the party lineup; he is currently ranked only eighth. Pak served as foreign minister from 1959 to 1970. In 1972, he was named Pyongyang's chief negotiator on the North-South Coordinating Committee, set up to explore avenues of political interchange between the two Koreas. Currently first vice premier of the cabinet, Pak has broad government responsibilities that probably fill his schedule and limit his dealings abroad. In the past, Pak Song-chol played an influential role in North Korean relations with Moscow and Peking.

So Chol was named a full member of the Political Committee in 1970; he follows Pak Song-chol in party

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

rankings. Like Pak and Kim Tong-kyu, So Chol has recently taken on administrative chores outside the realm of foreign affairs. He is currently chairman of the KWP Central Committee's Inspection Committee, a body responsible for party discipline. So's past assignments include tours as charge d'affaires in Peking, ambassador to North Vietnam and to Czechoslovakia, and chairman of the subcabinet level Committee for Cultural Relations with Foreign Countries that handles people-to-people exchanges.

And the Candidates

Yu Chang-sik, now ranked first among the Political Committee's candidate members, is apparently one of the golden boys of the KWP. Soon after joining the Committee in 1973, Yu became deputy to Pak Song-chol on the North-South Coordinating Committee; he held the position until January 1975. At the relatively young age of 53, Yu has achieved unusual prominence in both foreign affairs and party administration. He was vice minister of foreign affairs in the early sixties and then served as chairman of the Central Committee's Liaison Department, responsible for subversive activities directed against South Korea. Yu Chang-sik has more recently been identified as deputy chairman of the Central Committee's Organization and Guidance Department, which handles all party personnel matters, and as chairman of its External Affairs Department. (The responsibilities of this newly created organ are not precisely known.) Yu's rise in January to the top ranking of the Political Committee's candidate members--from fifteenth only a few months earlier--occurred at the same time as his appointment as a secretary of the Secretariat of the Central Committee.

Kim Yong-nam, named to the Political Committee in 1974, is also enjoying rapid upward mobility. He

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

became a secretary of the Central Committee Secretariat early this year, rising at that time from fifth to second place among candidate members. Kim Yong-nam's long service as a vice minister of foreign affairs--he had prime responsibility for relations with the USSR and Eastern Europe--was punctuated by tours as a deputy department chairman on the Central Committee. He has, for the last several years, been chairman of the Central Committee's International Department, which has the main responsibility for the formation of diplomatic policy.

The political fortunes of Ho Tam, Minister of Foreign Affairs since 1970, are less clear. Ho achieved candidate membership on the Political Committee three years ago; he seems to move up and down in the upper third of the candidate roster. As foreign minister, and earlier as vice minister, Ho has specialized in dealing with Middle Eastern and African states. He is the most widely traveled of North Korea's diplomatic specialists and is Pyongyang's chief spokesman for foreign affairs initiatives.

A Rising Generation

The promotion of Kim Tong-kyu and such younger men as Yu Chang-sik and Kim Yong-nam to positions of greater administrative responsibility does more than recognize outstanding talent and bring a foreign affairs weight to a broad range of decision-making. It is one of the signals of Kim Il-song's intent to begin turning the affairs of state and party over to a new generation.

Kim Tong-kyu, the newly appointed vice president, though the same age and background as Kim Il-song, is a decade younger than the current, seasoned team of vice presidents: Choe Yong-kon and Kang Yang-uk. Choe and Kang have held their posts, in one guise or another, since the early 1950s, and elevation of a

April 7, 1975

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

younger man to this height is a striking change. Kim Yong-nam and Yu Chang-sik have become the youngest of the secretaries of the Central Committee's Secretariat; their positions are the party equivalent of vice premier in the cabinet.

While Kim Il-song began to give the Korean Workers Party a younger cast several years ago, over the past year the transformation has appeared to take on higher priority. Last month, for example, the general secretary spoke with unusual candor on the matter, telling a conference of industrial activists that "the old cadres...are all valuable treasures of our party [but] three decades have passed since liberation...and they have now reached an old age and are unable to keep pace with the rapidly developing realities." In foreign affairs management, at least, Kim is acting to remedy the problem. (CONFIDENTIAL)

April 7, 1975

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Japanese Eye US Trusteeship as Oil Storage Site

25X1A [redacted]

Japanese firms are considering constructing a 94-million-barrel crude oil storage facility or central terminal station in the Palau Islands, part of the US-administered Caroline group east of the Philippines. Officials claim that participation by oil-producing countries and international oil firms will be essential. The project could eventually include a refinery and serve as a transshipping point for other East Asian nations.

First-stage plans call for tanks holding 30 million barrels--six days of current Japanese imports--to be built at a cost of $670 million. Japan currently has crude and product stocks of about 340 million barrels--68 days of imports--and Tokyo will try to increase this to at least 500 million barrels by 1980. The Japanese oil companies are looking for sites abroad because of strong local opposition to building new storage facilities in Japan.

Besides adding to storage capacity, the Palau facility would encourage large tankers to use Indonesia's Lombok and Makassar Straits--the route east of Bali and Borneo--in preference to the shallower, congested Malacca Strait. Tokyo has become increasingly sensitive to the problems of using the Malacca Strait since a 238,000-ton Japanese tanker ran aground there in January, causing a massive oil spill. Middle East crude would be delivered to Palau in 500,000-ton tankers and then to Japan in smaller ships. About 80 percent of Japan's crude oil imports now pass through the Malacca Strait, with only three tankers regularly using the Lombok-Makassar route. Oil industry spokesmen estimate that diverting tankers of 280,000 tons or more to the Lombok-Makassar Straits would add only 0.2 percent to the price of oil in Japan.

April 7, 1975

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

The Palau project would be less costly than the proposal to build a pipeline and storage facilities in the Isthmus of Kra in Thailand. The Japanese also have been considering building a central terminal station in Indonesia, but Tokyo and Jakarta have yet to agree on a mutually acceptable location despite several years of negotiation. (UNCLASSIFIED)

April 7, 1975

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8

[redacted]

Approved For Release 2001/07/30 : CIA-RDP79T00865A000700160001-8